Intelligent Investment

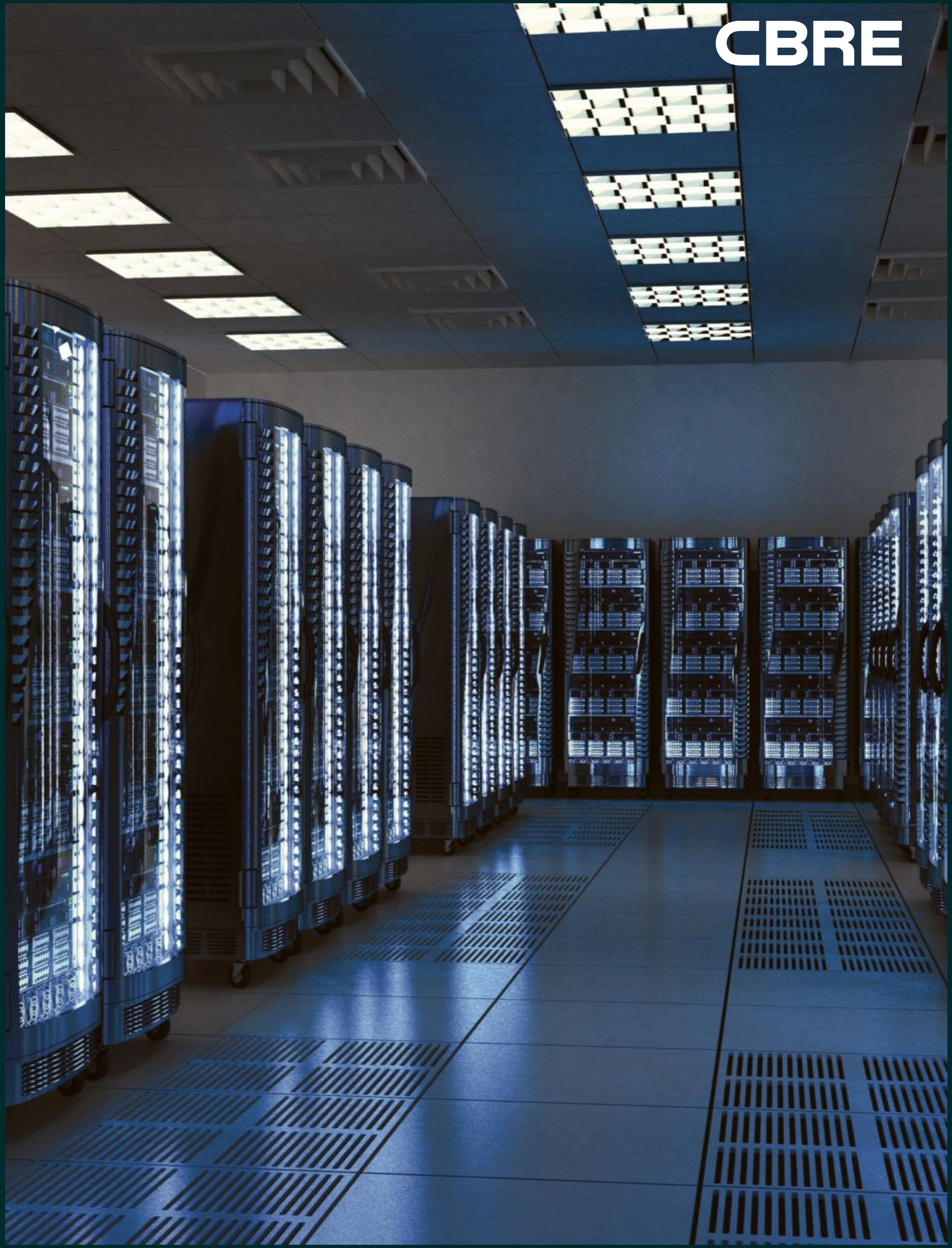
Beyond Growth: India's Rise Among APAC's Leading Data Centre Markets

REPORT

INDIA

REAL ESTATE

CBRE RESEARCH
SEPTEMBER 2026



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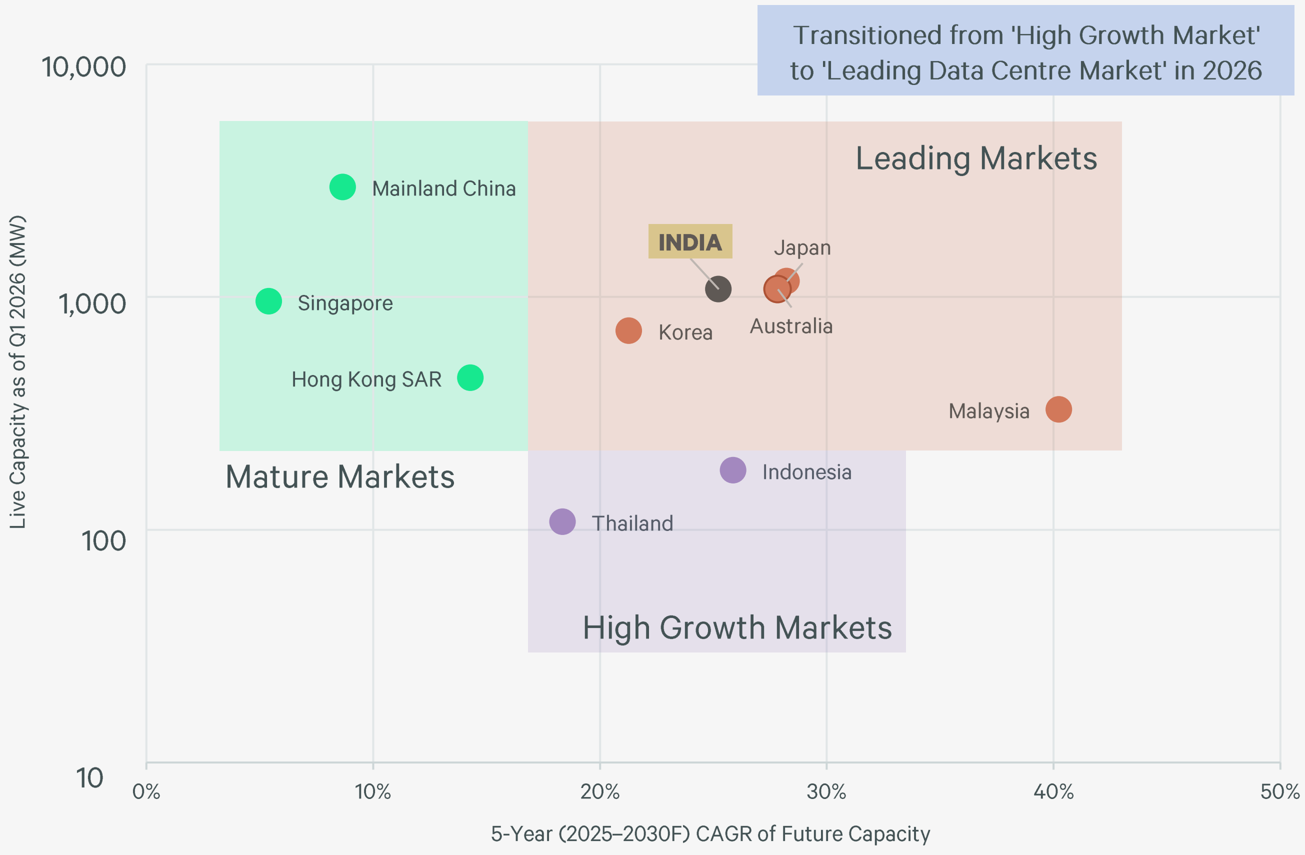
India Advances into APAC's 'Leading Data Centre Markets' Category

India has advanced from a 'High Growth Market' to APAC's ***'Leading Markets'*** category earlier in 2026, joining Japan, Australia and Mainland China. This milestone reflects the increasing scale, maturity and strategic importance of its data centre ecosystem, underpinned by a rapidly expanding operational footprint and robust development pipeline.[1]

The transition comes amid a broader reordering of the APAC data centre (DC) landscape, with investment activity increasingly extending beyond traditional leading markets into high-growth digital infrastructure hubs.[1] This evolution has broadened regional growth, positioning India as one of the region's most significant data centre markets.

Cloud adoption and AI workloads, underpinned by India's broader digital expansion remain the core drivers of growth. Key competitive advantages include relatively low construction costs, improved development timelines driven by advanced building technologies (reduced from 36 to 18 months for select builds), and robust government incentives at both national and state levels. Additionally, unlike many of its peers constrained by grid capacity, India faces fewer immediate power and land bottlenecks. In order to mitigate water scarcity, several operators are prioritising air-cooled / closed loop infrastructure over water / liquid-cooled systems.

ASIA PACIFIC LIVE AND FUTURE DATA CENTRE CAPACITY



Note: The 5-year CAGR assumes all under construction and announced supply pipeline to be completed over the next five years. Korea data covers only Greater Seoul. Thailand data covers only Greater Bangkok. Mainland China data covers only tier-I cities.
Source: CBRE Data Centre Solutions, CBRE Research, April 2026.

Source: 1. CBRE 2026 Asia Pacific Data Centre Trends & Outlook, May 2026; CBRE Research, H1 2026

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India's Data Centre Stock Reaches ~1.75 GW in H1 2026

The country's DC market reached nearly 1,750 MW of operational capacity, following approximately 130 MW of supply additions in H1 2026, with an increased share of Tier IV DCs. Mumbai accounted for 52% of this inventory (~0.9 GW), followed by Chennai at 18%. The strategic advantages of these markets, including multiple cable landing stations, supportive government policies, and established financial ecosystems, have reinforced their position as preferred destinations for BFSI institutions, cloud service providers, government entities, and technology and media companies (including OTT platforms) seeking robust DC infrastructure.

DC STOCK BY H1 2026-end

~1,750 MW

DC SUPPLY IN H1 2026

~130 MW

CITY-WISE SHARE OF DC SUPPLY IN H1 2026

Mumbai 94% ▲

Chennai 6% ▼

KEY MICRO-MARKETS

→ Navi Mumbai

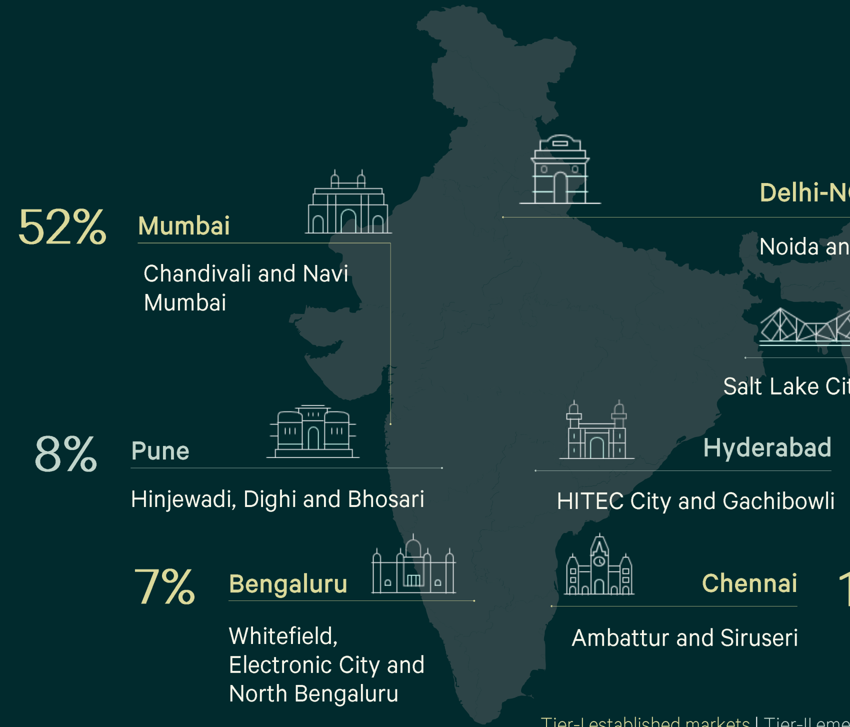
→ Siruseri

SHARE OF H1 2026 SUPPLY BY OPERATOR ORIGIN

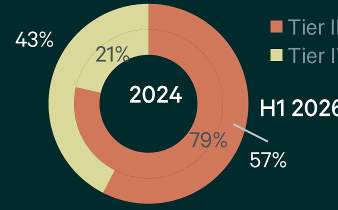
Domestic Companies	American Corporates	European Corporates
48% ▼	28% ▲	24% ▲

Source: CBRE Research, H1 2026
Arrows indicate Y-o-Y change in share of total supply in H1 2026

CITY-WISE SHARE OF PAN-INDIA DC STOCK AS OF H1 2026



SHARE OF TIER III & IV DC TYPES IN OVERALL SUPPLY



Tier-I established markets | Tier-II emerging markets | Micro-markets driving growth

Note: Shares may not sum to 100% due to rounding.

Disclaimer: The data presented in this report was compiled at the time of report generation and may have been revised since the previous quarters as more information became available. Therefore, the data should be considered as provisional and subject to ongoing refinement.

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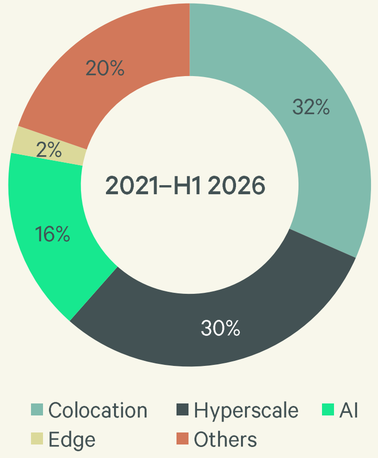
Cumulative DC Investment Commitments Surpass USD 170 Billion in H1 2026

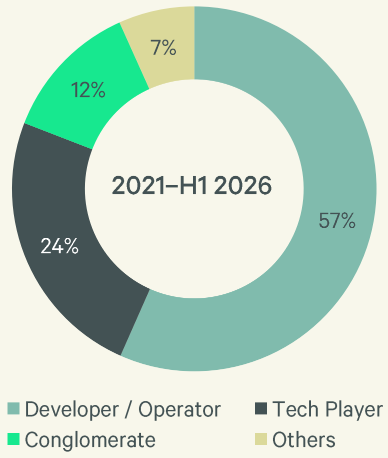
India's DC sector attracted ~USD 38 billion in investment commitments during January-June (H1) 2026, taking the cumulative total since 2021 to about USD 173 billion. This sustained momentum demonstrates robust investor confidence, driven by increased cloud adoption, AI-related demand, and ongoing digitalisation initiatives. Investor interest is also evident across the Asia Pacific region, where data centres ranked as the fourth most preferred asset class in CBRE's 2026 Asia Pacific Investor Intentions Survey. The scale of these commitments points to continued capacity expansion, further strengthening India's position as a leading DC market in the region.

INDIA'S CUMULATIVE DC INVESTMENT COMMITMENTS (2021-H1 2026)

SHARE OF INVESTMENT COMMITMENTS BY DC TYPE



SHARE OF COMMITMENTS BY INVESTOR CATEGORY



TOP 5 STATES BY DC INVESTMENT COMMITMENTS (2021-H1 2026)*

Andhra Pradesh	17%
Maharashtra	12%
Telangana	9%
Tamil Nadu	4%
Karnataka	3%

Source: CBRE Research, H1 2026 | Note: Investment commitments considered for this analysis include signed, proposed, and ongoing data centre development commitments. | *Approximately 51% of the USD 173 billion in DC investment commitments announced between 2021 and H1 2026 could be mapped to specific states and locations. The leading recipient states are presented in the above infographic.

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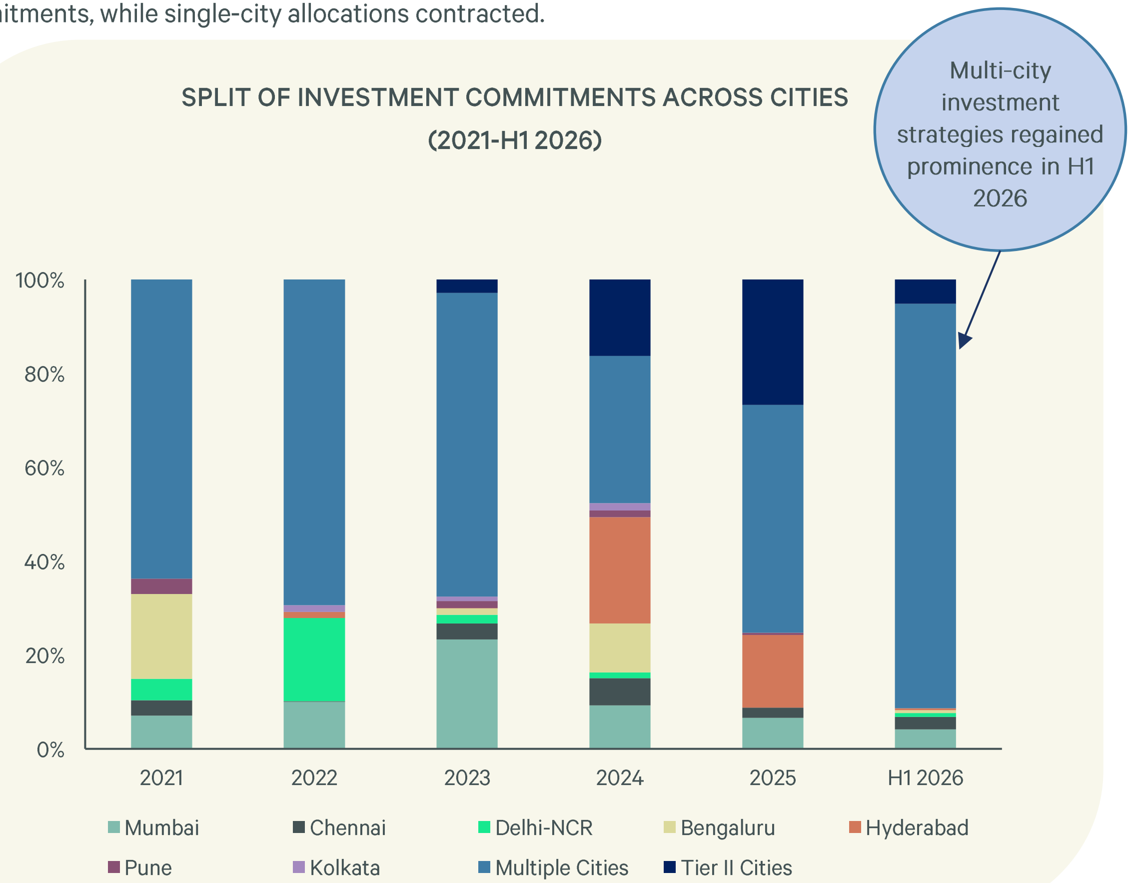
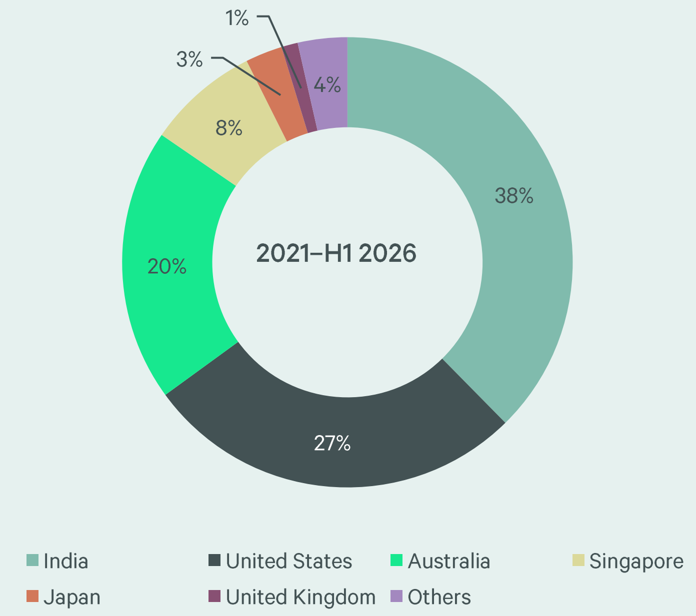
Investment Commitments Broaden Across Multiple Cities

Between 2021 and 2023, investment commitments were dominated by multi-city portfolios, which accounted for over 60% of total commitments in most years, supplemented by targeted allocations in primary hubs such as Mumbai, Delhi-NCR, Bengaluru, and Chennai. However, a shift emerged in 2024 and 2025 as Hyderabad captured 23% and 15% of total commitments, while tier-II cities secured 16% and 27% of capital deployment, respectively. By H1 2026, capital deployment rebounded to the multi-city category, which accounted for over 85% of total commitments, while single-city allocations contracted.

SPLIT OF INVESTMENT COMMITMENTS ACROSS CITIES (2021-H1 2026)



DOMESTIC INVESTORS HAVE ACCOUNTED FOR THE LARGEST SHARE OF CUMULATIVE CAPITAL COMMITMENTS SINCE 2021



Source: CBRE Research, H1 2026 | Note: Investment commitments considered for this analysis include signed, proposed, and ongoing data centre development commitments. | Shares may not sum to 100% due to rounding.

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CBRE's 2026 India Data Centre Operator Survey: Preliminary Findings

Conducted during June-August 2026, the first edition of the upcoming **2026 India Data Centre Operator Survey** captures perspectives from the country's leading DC platforms on market sentiment, growth expectations, and digital infrastructure strategies. The preliminary findings offer a directional view of operator presence, demand drivers, and expansion priorities across India.

STRONG NETWORK CONNECTIVITY DRIVES DC SITE SELECTION

Site selection is primarily influenced by critical infrastructure and market access. Network connectivity emerged as the leading factor for 75% of surveyed operators, followed by power availability, with a focus on grid stability, competitive pricing, and renewable sourcing. Proximity to clients remained important for latency optimisation, while land costs reflected the need to balance infrastructure requirements with overall project economics.

Top four factors for DC site selection

Network Connectivity
75%

Power Availability
67%

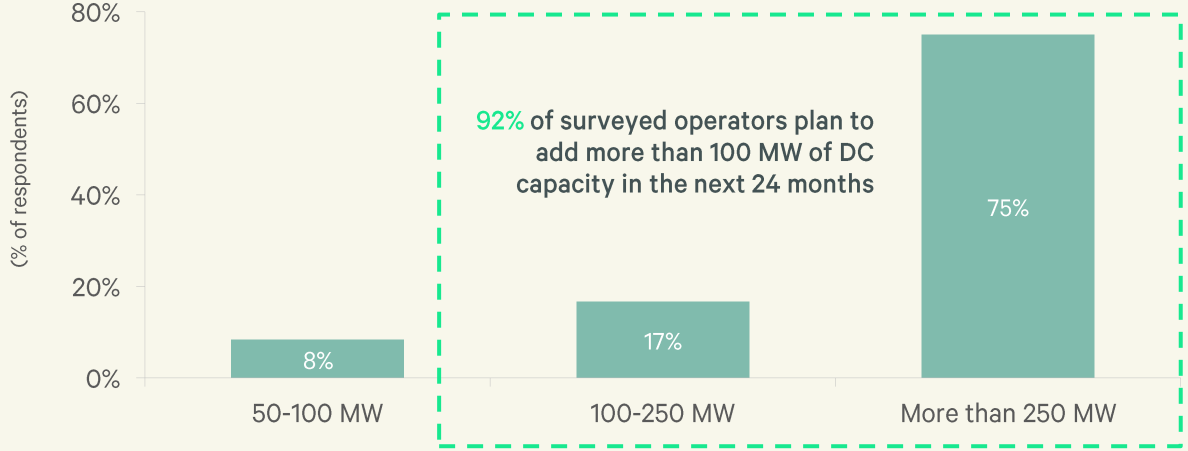
Proximity to Clients
58%

Land Cost
50%

Note: Respondents could select more than one answer; percentages are calculated as a proportion of total respondents and therefore do not add up to 100%.

DATA CENTRE OPERATORS PLAN LARGE-SCALE CAPACITY EXPANSION

Operator expansion plans indicate a strong preference for large-scale capacity additions over the next 24 months, spanning both colocation and hyperscale deployments, with AI expected to be a key demand driver. This is supported by the fact that since 2021, nearly ~USD 48 billion[1] in commitments have been made for hyperscale developments alone. The investor base spans two distinct groups: global cloud majors such as AWS, Microsoft, and Google directly acquiring land to build captive capacity, and leading DC developers / operators expanding through greenfield builds, joint ventures, and strategic land acquisitions for lease or build-to-suit deployment. More than 50% of these investment commitments originate from leading DC developers and operators, highlighting their continued expansion focus.



Source: 1. CBRE Research, H1 2026; 2. Ministry of Electronics & IT, March 2026
Note: The findings are based on the sample of DC operators surveyed and may differ from the broader market trends.

Source: 2026 India Data Centre Operator Survey (upcoming), CBRE Research, H1 2026

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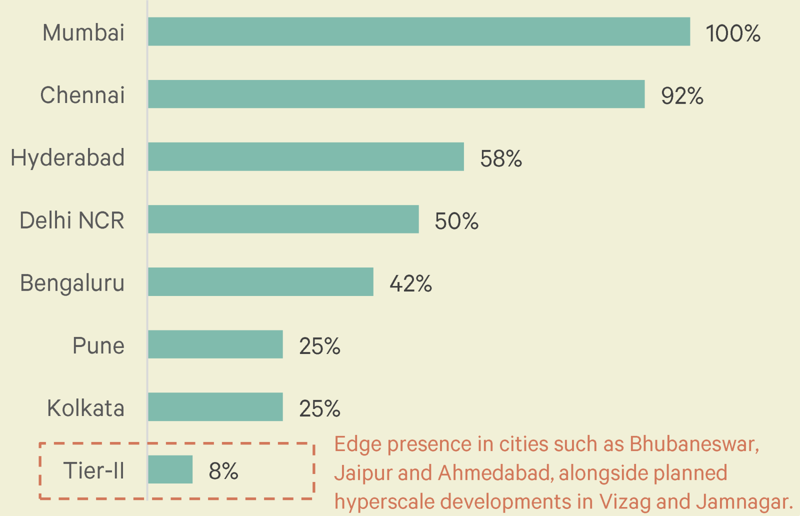
MUMBAI AND CHENNAI CONTINUE TO LEAD OPERATOR PRESENCE ACROSS INDIA

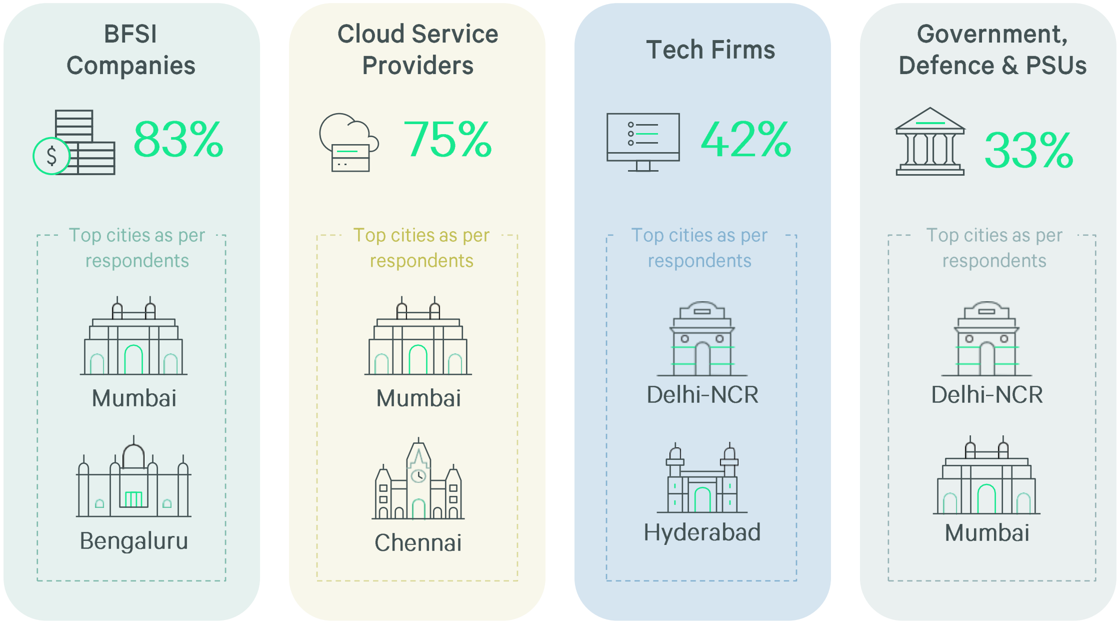
The survey highlights Mumbai and Chennai as India's most mature DC markets, with over 90% of participating operators maintaining an active presence in both locations. This underscores their position as the country's primary DC hubs, backed by strong connectivity, the presence of hyperscalers, established DC infrastructure and favourable regulatory ecosystems. Hyderabad is establishing itself as the next growth market, driven by accelerating hyperscaler commitments, expanding operator footprints, and a strong pipeline of capacity additions.



Edge presence in cities such as Bhubaneswar, Jaipur and Ahmedabad, alongside planned hyperscale developments in Vizag and Jamnagar.

BFSI AND CLOUD SERVICE PROVIDERS LEAD DEMAND AMONG SURVEY RESPONDENTS

BFSI companies, cloud service providers, tech enterprises, and government / PSU entities emerge the primary demand drivers, according to the survey. Rising UPI volumes and the growing adoption of AI-powered fraud analytics are expected to further drive BFSI workloads. Domestic demand aligns with broader global trends, with hyperscale demand projected to grow at a 14% CAGR (2023-2026).[1] Though still nascent in India, surveyed occupiers highlighted that neo-cloud operators are gaining traction by establishing GPU- and TPU-as-a-service (GPUaaS and TPUaaS)* infrastructure. While hyperscalers will continue to command significantly larger capacities, multiple neo-cloud operators are expected to finalise lease commitments over the next six to eight months.



Note: Respondents could select more than one answer; percentages are calculated as a proportion of total respondents and therefore do not add up to 100%. Furthermore, tenant sector segmentation is based on the sample of DC operators surveyed and may differ from the broader market trends.

Source: 2026 India Data Centre Operator Survey (upcoming), CBRE Research, H1 2026; 1. CBRE 2026 Asia Pacific Data Centre Trends & Outlook, May 2026; *GPUaaS and TPUaaS enable organisations to access high-performance AI computing resources through the cloud, allowing them to pay for usage on demand rather than investing in dedicated hardware.

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GREENFIELD SITES REMAIN THE PREFERRED CHOICE

Greenfield developments remain the preferred choice, as new builds allow facilities to be tailored to hyperscale requirements, future expansion needs and evolving technology standards. Brownfield sites, which typically involve retrofitting existing facilities with modern hardware, automation and modular upgrades, offer faster deployment but constrain choices around design.

RENEWABLE ENERGY EMERGES AS A STRATEGIC IMPERATIVE FOR DC GROWTH

Renewable energy is becoming central to DC power strategies, driven by corporate sustainability mandates and tenant demand for lower-carbon digital infrastructure. Operators are turning more to direct procurement, power purchase agreements (PPAs), and green-energy partnerships to meet ESG targets. Renewables currently meet 30-40% of operational energy requirements for most respondents. This aligns with India's renewable consumption obligation (RCO)* framework, formerly known as renewable purchase obligation (RPO), which projects mandated green power procurement to rise to 43.33% by FY2030 from 29.91% in FY2025.[1]

EVOLVING TENANT REQUIREMENTS TO DRIVE DESIGN CUSTOMISATION

Surveyed operators reported rising demand for workload-specific data centre designs. As AI adoption expands, hyperscale and neo-cloud occupiers are expected to require higher-density infrastructure, with IT loads of ~30-50 kW/rack against ~8-10 kW/rack in traditional facilities.

STATE POLICIES TO ACCELERATE INSTITUTIONALISATION OF INDIA'S DC SECTOR

Surveyed operators highlighted the role of state policies, incentives and streamlined approval mechanisms in facilitating data centre investments and developments. States such as Maharashtra and Uttar Pradesh offer targeted incentives to attract international capital and sustain long-term growth in the sector.

Source: 1. Ministry of Power Notification, October 2023; CBRE Research, H1 2026. | Note: *Renewable Consumption Obligation (RCO) / Renewable Purchase Obligation (RPO) requires specified consumers, including eligible data centres procuring power through open access or PPAs, to source a prescribed share of electricity from renewable sources.

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Top Trends Expected to Shape India's DC Sector in 2026-2027

With more than 200 MW of additional supply expected in H2 2026, India's total operational DC capacity could approach 2.0 GW by year-end. Key trends expected to shape the sector include:

STRATEGIC DISPERSION OF DC ACTIVITY SET TO GAIN MOMENTUM

While more than 80% of operational capacity remains concentrated in established markets such as Mumbai, Chennai and Delhi-NCR, incremental supply is expected to extend into emerging hubs such as Hyderabad, Bengaluru, Kolkata and Visakhapatnam. Favourable state-level incentives, coupled with the availability of land, power and water, are expected to support development across these markets.

RENEWABLE PROCUREMENT LIKELY TO BECOME MORE CRITICAL

India added a record 44.5 GW of renewable energy capacity in 2025, approximately 1.5x the capacity added in 2024.[1] The sector's growing power requirements are likely to accelerate the use of PPAs, captive generation and renewable procurement strategies, supporting both long-term power security and net-zero ambitions.

CAPITAL AND OWNERSHIP MODELS WILL CONTINUE TO BROADEN

India's data centre investment landscape is diversifying beyond traditional build-and-lease models. While institutional joint-venture platforms remain dominant, public listings are emerging as an additional capital-raising avenue. AI-linked capital is also beginning to enter the market through strategic co-investments.

AI INFERENCE TO RESHAPE DEMAND

As AI adoption moves from model training to real-world deployment, demand is expected to shift increasingly towards inference workloads. This is likely to drive requirements for lower-latency infrastructure and broader geographic reach, supporting both large-scale AI facilities and more distributed deployments closer to end users.

Source: 1. Ministry of New and Renewable Energy, December 2025; CBRE Research, H1 2026

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